



Committed to the future of rural communities.

## *Housing Programs*

### *Multi-Family Housing Direct Loans*

### *515 Program*

#### *Program Objective*

Increased home prices have resulted in a higher percentage of renters throughout the nation. More facilities are needed to meet the demand.

The objective of the Rural Rental Housing program is to provide eligible low and very low income persons with economically designed and constructed rental facilities.

The program provides financing for construction of new multi-family housing units.

Financing is also available for rental assistance subsidies.

#### *Applicant Eligibility*

Applicants must have the ability and experience necessary to operate and manage the proposed rental housing project successfully.

Eligible applicants include:

- ◆ individuals,
- ◆ trusts,
- ◆ associations,
- ◆ partnerships,
- ◆ limited partnerships,
- ◆ state or local public agencies,
- ◆ cooperatives, and
- ◆ non-profit corporations.

Proposed projects must be located in one of the communities on the designated place list which is reviewed and updated each Fiscal Year.

#### *Eligible Loan Purposes*

Loan financing can be used for construction of new dwellings or purchase and modification of existing dwellings.

Eligible loan purposes for new construction include associated costs such as:

- ◆ purchase and improvement of land;
- ◆ provision of streets, water, and waste disposal systems;

- ◆ development of appropriate recreation and service facilities;
- ◆ installation of laundry facilities and equipment;
- ◆ landscaping.

If financing is to be used for the purchase or rehabilitation of existing dwellings, the following conditions must be met:

- ◆ rehabilitation work is moderate to substantial;
- ◆ the structure must be physically and structurally sound enough to afford maximum safety;
- ◆ the proposed project must create a suitable and appealing living environment and be substantially equivalent to new construction in quality and livability.

#### USDA Rural Development Montana

PO Box 850  
Bozeman, MT 59771  
(406) 585-2580  
TDD (406) 585-2562  
[www.rurdev.usda.gov/mt](http://www.rurdev.usda.gov/mt)

W. T. (Tim) Ryan  
State Director

Deborah Chorlton,  
Housing Programs Director

The USDA is an Equal Opportunity  
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Complaints of discrimination  
should be sent to:

USDA, Director,  
Office of Civil Rights

1400 Independence Ave. SW  
Washington, DC 20250-9410

800-795-3272 (voice) 202- 720-6382 (TDD)

## ***Loan Terms***

The amortization period of each loan will not exceed the economic life of the security.

Generally, the payment period will not exceed 30 years from the date of the note.

However, if necessary to ensure affordability the loan may be amortized for a period not to exceed 50 years.

Loan limits for the program are as follows:

- ◆ for nonprofits -102% (100% of the value of the security + 2% initial operating capital;
- ◆ for limited profits - 97% of security value
- ◆ for limited profits with tax credits - 95% of security

The interest rate for all loans is based on the current market rate. To ensure project affordability the market rate is reduced to 1% through Federal subsidy of the loan.

Therefore, the loan payment is based on 1% interest rate plus tenant contribution in excess of basic rent.

## ***Application Ranking Criteria***

Upon receipt, loan requests will be reviewed to determine if the application packages are complete and that the requested funding will be used for

authorized purposes.

Each application will be reviewed and scored using the following criteria:

- ◆ presence and extent of leveraged assistance (0-20 points) which includes:
  - √ loans and grants from other sources
  - √ contributions above the required amount from the borrower's own resources (including land)
  - √ low income housing tax credits
  - √ tax abatements
- ◆ loan request is for units to be developed on Tribal land (20 points)
- ◆ the loan request includes donated land (5 points)

## ***Application Submittal***

The exact dates during which applications can be received is determined each Fiscal Year as outlined in the notice as published in the Federal Register.

Applications must be submitted during the identified period.

Applications must include all information, materials, forms, and exhibits required by 7CFR, 3560 subpart B.

Eligibility and completeness of the application will be determined by the information provided.

For more information or application materials, please contact your Area Office or State Office in Bozeman at (406) 585-2518.

